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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil Gas and Mining

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Division Director

M/037/0088
Task 2648

October 7, 2008

Lantz Indergard
Lisbon Valley Mining Company
920 South County Road 313
La Sal, Utah 84530

Subject: Surety Reduction Proposal, Lisbon Valley Mining, Lisbon Valley Copper Mine, M0370088, Task 2648, San Juan County, Utah

Dear Mr. Indergard:

Thank you for coming to our office this past Monday to discuss and clarify your surety reduction and release proposals and also the amendment to your mine plan. The Division will re-review the submittals received in May 2008 and provide a response better detailing additional information that might be needed in the amendment and in the surety reduction.

A reduction in the surety amount will be contingent on the results of this review, but the Division does recognize that portions of the mine that were bonded were never disturbed or were not disturbed to the extent included in the bond calculations.

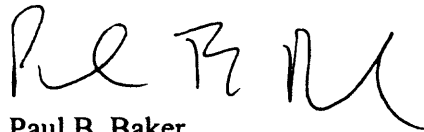
- The leach pad area was disturbed through Stage III, but little or no ore was placed on the liner in the Stage III area. The disturbed area will need to be reclaimed, but the extent of reclamation will be much less than if ore had been placed on this portion of the liner.
- Most, but not all, of the area proposed for Waste Dump C has been used.
- About half the area proposed and bonded for Waste Dump B has been disturbed.

The Division will also be evaluating your proposal to release bond for the areas that have been reclaimed. We recognize that you have been actively pursuing reclamation. Most of the outslope of Waste Dump C has been graded and topsoiled, but revegetation is not yet successfully completed. Some of the haul roads near the Sentinel and Centennial Pits have been graded and prepared for seeding, and you have been working on Waste Dump B. Waste Dump B is not included in the release proposal.

Page 2
Lantz Inderagrd
M0370088
October 7, 2008

We appreciate the work you have done. We are not certain of a precise timeframe for completing a review of these proposals but will try to have them complete near the middle of October. If you have questions or need further information, please feel free to contact me at 801-538-5261.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. B. Baker', with a stylized flourish at the end.

Paul B. Baker
Minerals Program Manager

PBB:vs

cc: Rebecca Doolittle, Moab BLM

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